

**VERMONT ELECTRIC COOPERATIVE, INC.
SUCCESSOR SERVICE QUALITY & RELIABILITY
PERFORMANCE, MONITORING & REPORTING PLAN**

Section I: General Provisions

1. The purpose of this Plan is to establish performance standards and performance monitoring and reporting for electric service provided by Vermont Electric Cooperative, Inc. ("VEC" or the "Company") in all its Vermont territories. The Plan shall be referred to throughout this document as the "Plan."
2. The parties to this Plan are Vermont Electric Cooperative, Inc. and the Vermont Department of Public Service ("VDPS").
3. Section II establishes the measurement and reporting protocols for the performance standards. Section III of the Plan establishes minimum performance standards in each performance area. Section IV of the Plan establishes service guarantees. Section V establishes the service quality compensation mechanism.
4. The Plan shall remain in effect from the beginning of the first quarter following Vermont Public Service Board ("Board" or "VPSB") approval until modified by subsequent Board Order. The parties agree that they will review the Plan after it has been in effect for one year and every two years thereafter to determine the need for any modifications of measurements or performance levels. Either party may petition the Board for modifications of measurements or performance levels at any time during the life of the Plan.
5. Nothing in this Plan shall preclude the use of other remedies available under law for addressing substandard performance to the degree that such performance has not already been addressed under the provisions of this Plan.
6. In the event that the Company opens its territory to retail choice during the life of this Plan, the parties acknowledge additional and/or different standards may be necessary to monitor service delivery changes attendant to restructured service delivery. The Company shall negotiate with the DPS additional standards should the need arise. Modifications to the Plan under this paragraph shall be submitted to the VPSB for approval.
7. Section IV of the Plan consists of service guarantees to be offered by the Company. The Company shall, within 30 days of VPSB approval of the Plan, file such tariff amendments as are necessary to implement the service guarantees. Such guarantees shall not be effective unless the VPSB grants tariff approval.
8. All monies paid under sections IV and V of this Plan shall be accounted for in the Company's financial records, and reported annually to the VDPS.

9. In addition to the performance standards and measurements set forth in this document, the Company agrees to the following time frames for response to consumer and regulatory complaints:
 - a. The Company shall provide a substantive response to consumer complaints expressed directly to the Company within 14 calendar days of receipt by any method of contact.
 - b. The Company shall provide a substantive response to consumer complaints from the VDPS within 14 calendar days.
 - c. If the Company needs additional time to respond fully to a complaint from a consumer or from VDPS, the Company shall within the initial 14-day period request a specific additional time for response and shall provide a full resolution within the requested additional time.

Section II: Measurement and Reporting Protocol

1. The Company shall continue to monitor performance under the initial Plan until the effective date of this Plan as provided in Paragraph I.4.
2. Reporting periods shall be calendar quarters, with quarterly reports submitted to VDPS and the Board by the last day of the month following the end of each quarter, except for the standards in Paragraph III, 5b., III.6 and III.7, which shall be reported annually on a calendar year basis by January 31 of the following year.
3. Except as provided in Paragraph II.2, performance results shall be aggregated monthly and quarterly, and shall be reported quarterly to the VDPS. The parties shall jointly develop an electronic reporting format.
4. Quarterly reports shall include both monthly and quarterly averages. Quarterly averages shall be derived from raw data, not by averaging monthly averages.
5. Achievement of minimum standards for purposes of calculating service quality compensation shall be determined on the basis of a 12-month average. Service quality compensation shall be calculated annually in the month following the anniversary of the effective date of the Plan. A minimum performance standard shall be considered met, if the 12-month average upon the anniversary of the effective date of the Plan met or was below the standard.
6. Notwithstanding Paragraph 5, where quarterly performance falls more than ten percent worse than any standard, or where performance does not meet any standard for two consecutive quarters, the Company shall within 30 days of the end of the quarter in which this provision is triggered, submit a corrective action plan indicating how it will remedy the failed standard.

7. Performance shall be evaluated and reported to one decimal place for all performance areas unless otherwise specified. Actual performance shall be rounded up when the relevant decimal place is 5 or more. The Company shall retain all of its reports that support the results for each of the performance areas for a period of not less than 24 months after the results are reported. The Company shall provide these reports upon request to VDPS.
8. The Company shall review with the VDPS any change to the Company's measurement protocol or to the internal reporting methods that are used to obtain the data measured prior to the Company's implementation of such changes. If the VDPS and the Company are unable to agree on the changes requested, nothing in this Plan shall preclude VDPS from seeking appropriate relief from the VPSB. The Company shall have an affirmative duty to report missing data or other events that could reasonably affect the quality of the data at the time the Company becomes aware of such events. Any data related to the Plan reported to VDPS that reflects significantly altered measurement procedures or internal data acquisition methods that have not been agreed to between the Company and VDPS shall be subject to challenge and potential exclusion from results.
9. The Company may seek a waiver of any applicable performance standard from the VPSB. A waiver may only be granted where the circumstances causing the failure were beyond the Company's control, and the Company can demonstrate that its level of preparedness and response was reasonable in light of the cause of the failure.
10. Definitions:
 - a. Disconnect/Reconnect: Electric power in a location must temporarily be disconnected and reconnected at the customer's request. The physical disconnection of the electric service cable is usually to ensure safety during work being completed at the location.
 - b. Escalation: An escalation is a complaint to the Company or to VDPS which, following investigation, it is determined there is something the utility reasonably could or should have done to satisfy the consumer and thereby prevent the complaint from arising. Each party's discretion shall determine whether or not a complaint to it is classified as an escalation.
 - c. New Line Extensions: Any installation for the purposes of servicing new customer(s) that triggers the Company's Line Extension Tariff and there is a payment by the customer for "Contribution in Aid of Construction."
 - d. Move-ins & Move outs: Any customer request to either establish or discontinue service at the meter.
 - e. New Service: A primary circuit exists and only a transformer and/or a secondary cable are needed to be installed and the installation does not trigger the Company's Line Extension Tariff and there is no customer payment.

- f. Normal Business Hours: "Normal business hours" are 7:30 a.m. to 4:30 p.m. Monday through Friday excluding days on which legal holidays are observed and the Company is closed to routine business operations.
- g. After Normal Business Hours: "After Hours" are Weekends, Holidays and 4:30 p.m. to 7:30 a.m. Monday through Friday.
- h. Street Light Maintenance: The Company makes repairs to the Company-owned outdoor lights (rental units on private property) or municipal lights.
- i. Street Light New Installation: The Company installs the Company-owned outdoor lighting at the request of a customer.
- j. Temporary service: A secondary service is installed for a customer-specified period of time. Primary conductors exist to the site.
- k. Weather-related delays: These are the delays that are included in the "not ready" exclusions described in the work completion performance measure (Section III, paragraph 4 and Service Guarantee description Section IV, paragraph 3). Weather related delays shall be defined as provided by the relevant section of the Company's union contract concerning restrictions on outside work during inclement weather. Weather-related delays shall also include: periods when roads are impassable to Company vehicles following heavy rain, snow or spring thaw conditions; and unavailability of Company personnel as a result of service restoration efforts due to storms.

Section III. Performance Standards

- 1. **Call answer performance measures:** All data required for call answer performance measures shall be obtained from the Company's telephone service provider's switch (also referred to as main switchboard) and the Company's Network Call Center monitoring systems. The system reports both real time and historical call system activity to VEC's two customer service numbers 24 hours a day.
 - a. **Call answering service level:** Percentage of customers not reaching a Company representative within 20 seconds during normal business hours.

Performance shall be calculated as follows:

$$\frac{\text{Number of calls not reaching a Company rep within 20 seconds}}{\text{Number of attempts to reach a Company rep}}$$

Performance measure: $\leq 25\%$

Source of data: The standard shall be measured by using data that is provided by the Company's telephone service provider. The data will include all calls (including outage calls) transferred from the main switchboard during the normal business hours.

- b. **Abandon rate, normal business hours:** Percentage of calls abandoned after being transferred from the main switchboard to the Call Center during normal business hours. Performance shall be calculated as follows:

$$\frac{\text{Number of calls abandoned}}{\text{Number of attempts to reach a Company rep}}$$

Performance measure: $\leq 5\%$.

Source of data: The standard shall be measured by using data that is provided by the Company's Network Call Center. The data will include all calls (including outage calls) that are transferred from the main switchboard to the Call Center.

- c. **Abandon rate, after normal business hours:** Percentage of calls abandoned after being transferred from the Company's switch to the Dispatch Center after normal business hours. Performance shall be calculated as follows:

$$\frac{\text{Number of calls abandoned}}{\text{Number of attempts to reach a Company rep}}$$

Performance measure: $\leq 5\%$.

Source of data: The standard shall be measured by using data that is provided by the Company's telephone service provider. The data will include all calls (including outage calls) that are transferred from the main switchboard to the Dispatch Center after normal business hours.

- d. **Blocked Calls to the Company:** Percentage of calls blocked (receiving a busy signal). Performance shall be calculated as follows:

$$\frac{\text{Number of calls receiving a busy signal}}{\text{Total number of calls}}$$

A busy signal condition only exists if all trunks into the VEC telephone switchboard are being utilized.

Performance measure: $\leq 3\%$.

Source of data: The standard shall be measured by using data that is provided by the Company's telephone service provider. Calls that are blocked as the result of a failure by the telecom carrier shall be excluded provided that documentation of the failure is provided by the telecom provider.

2. **Billing performance measures:** The data for these measurements shall be obtained from the Company's Customer Information System (CIS) that is supported by National Information Solutions Cooperative. The reports from these systems are generated weekly using Access.

- a. **Percentage of bills not rendered monthly:** Percentage of bills not rendered within seven days of the scheduled billing date. Performance shall be calculated as follows:

$$\frac{\text{Number of bills not rendered within seven days of the scheduled billing date}}{\text{Total number of bills scheduled to be rendered}}$$

Exclusions: The measurement will exclude accounts that were activated within 10 days prior to the normal billing cycle; accounts that are scheduled to receive a final bill within 10 days after the normal billing cycle; sales for resale accounts; station service accounts; Company use accounts.

Performance measure: $\leq .10\%$

Source of data: This standard shall be measured by using data obtained from the Company's Customer Information System. Results shall be reported to the second place.

- b. **Bills found inaccurate:** Percentage of bills found inaccurate after being sent to customers, brought to Company's attention either as result of customer complaints and/or by the Company's own efforts. Performance shall be calculated as follows:

$$\frac{\text{Number of bills rendered inaccurately for the month}}{\text{Total number of bills rendered for the billing month}}$$

Exclusions: This standard does not include bills found to be inaccurate strictly as result of estimation, bills where the inaccuracy does not effect the calculation of the bill, or where the fault does not lie with the Company (i.e. mixed meters due to erroneous customer third-party install). Multiple bills for a customer that are caused by the same error shall be counted as one incident.

Performance measure: $\leq .5\%$ in '04; $\leq .1\%$ in Year Two (2) of the Plan and subsequently.

Source of data: This standard shall be measured by using data obtained from the Company's Customer Information System.

- c. **Payment posting complaints:** Percentage of customers filing complaints ultimately classified as escalations to the Company or to VDPS concerning the posting of their payments to their accounts. Performance shall be calculated as follows:

$$\frac{\text{Number of customers complaining about payment posting}}{\text{Total number of customers}}$$

Performance measure: $\leq .0100\%$

Source of data: This Standard shall be measured by using data obtained from the Company's Complaint Tracking System, Customer Information System (CIS) and the VDPS's Consumer Affairs Tracking System. The complaint tracking system currently includes a complaint type for payment processing. Complaints regarding payment options will be excluded from this measurement. Standard shall be measured and reported to the fourth decimal place.

3. **Meter reading performance measures**

- a. **Percentage of actual meter readings per month:** Percentage of meters not read each month in relation to the number that were scheduled to be read. Performance shall be calculated as follows:

$$\frac{\text{Number of scheduled meters not read}}{\text{Number of meter readings scheduled}}$$

Performance measure: $\leq 10.0\%$ in '04; $\leq 5.0\%$ beginning in Year Two (2) of the Plan

Source of data: Data shall be obtained from the Company's Customer Information System. Standard shall be measured and reported to the first decimal place.

4. **Work completion performance measures**

- a. **Percentage of customer requested work not completed on or before promised delivery date:** The percentage of jobs resulting from customer requests for meter related or other customer requested work that are completed on or before the promised completion date. Performance shall be calculated as follows:

$$\frac{\text{Number of jobs not completed on or before promised delivery date}}{\text{Total number of jobs promised complete in the reporting month}}$$

Exclusions: When an event outside of Company's control occurs resulting in the work not being completed as promised, Company will renegotiate the promised delivery date with the customer. These events include but are not limited to the

following: meter socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; customer underground conduit/trenching not completed; weather-related delays and delays created as result of the telephone company not completing their prerequisite work (i.e., pole setting) in a reasonable time frame. Renegotiated jobs will be reported as 'completed on or before' based on the new renegotiated date, not the original date.

Inclusions: "Move-ins," "move-outs," "seal-outs" and "check readings" completed by the end of the promised day; line extensions; new service; disconnect/ reconnect; new street/security light installation; street/security light maintenance; and temporary service connection.

Performance measure: $\leq 5\%$

Source of data: Data shall be obtained from the Company's Customer Information System and the Work Management System. When a customer calls for a move in, move out or a meter investigation, a service request is created for the date promised to the customer. Reports are generated monthly of all open service requests and are reviewed for the following: (1) was the service request preempted by another service request, (2) was the service request not the result of a customer request but rather an internal request for service work, (3) was the request for non-regulated business activities. Those service requests found to match any of the above shall be removed from the final data report.

- b. **Average number of days after the missed delivery date:** Average number of days after the missed delivery date in which Company was to complete meter related or other customer-requested work. Performance shall be calculated as follows:

$$\frac{\text{Total days of delay}}{\text{Total number of delayed jobs in the reporting month}}$$

Exclusions: When an event outside of the Company's control occurs resulting in the work not being completed as promised. The Company will renegotiate the promised delivery date with the customer. These events include but are not limited to the following: meter socket not installed correctly; energizing permit not issued; customer site work or tree trimming not completed; underground conduit/trenching not completed; weather-related delays; delays created as result of the telephone company not completing their prerequisite work (i.e., pole setting) in a reasonable time frame.

Inclusions: "Move-ins," "move-outs," "seal-outs" and "check readings" completed by the end of the promised day; line extensions; new service; disconnect/ reconnect; new street/security light installation; street/security light maintenance; and temporary service connection.

Performance standard: ≤ 5 days.

Source of data: Data shall be obtained from the Company's Customer Information System and Work Management System. When a customer calls for a move in, move out or a meter investigation, a service request is created for the date promised to the customer. Reports are generated monthly of all open service request and are reviewed for the following: (1) was the service request preempted by another service request, (2) was the service request not the result of a customer request but rather an internal request for service work. Those service requests found to match any of the above shall be removed from the final data report. Days of delay will be calculated as working days from the day after the missed date to the day of the promised delivery date.

5. **Customer satisfaction measures**

- a. **Transactional customer satisfaction:** Percentage of customers who are satisfied or completely satisfied following customer-initiated contact with the Company (report, request, inquiry, customer requested work and complaint resolution).

Performance measure: $\geq 80\%$.

Exclusions: The performance standard shall be considered met if performance falls within the survey margin of error.

Source of data: The Company will survey a statistically reliable sampling via customer completed follow up cards by customers who have contacted the Company with a report, request, inquiry, complaint or request for work in order to assess the level of satisfaction. Distribution will be through the postal service. An independent, third-party contractor will process completed cards and report results. Question format will be mutually agreed between VEC and the DPS. Questions will relate to customers who have had direct interaction with a Company CSR or representative, or have requested, and received services from the Company. VEC may add additional questions following the required initial set of questions. VEC shall negotiate with DPS the survey procedures, protocol and interpretation of results. Any unresolved dispute shall be submitted to the Board for resolution.

- b. **Overall customer satisfaction:** Percentage of customers satisfied or completely satisfied with the Company.

Performance measures: 80%.

Exclusions: The performance standard shall be considered met if performance falls within the survey margin of error.

Source of data: The survey shall be conducted by an independent, third-party contractor performing an annual survey of a statistically reliable sample of the

Company's customers. The survey shall assess general customer satisfaction in the following areas: reliability, service restoration, customer inquiry, meter reading and billing. VEC shall negotiate with DPS the survey procedures, protocol and interpretation of results. Any unresolved dispute shall be submitted to the Board for resolution.

- c. **Rate of complaints to VDPS/Consumer Affairs:** Percentage of customers who file complaints with VDPS that are ultimately classified as escalations following investigation. Performance shall be calculated as follows:

$$\frac{\text{Number of escalations}}{\text{Total number of customers}}$$

Performance measure: $\leq .07\%$

6. **Worker safety performance measures:**

- a. **Lost Time Incident Rate:** The number of lost time cases experienced by the Company in a calendar year, multiplied by 200,000 and divided by the total hours worked by Company employees.

$$\frac{\text{Number of lost time cases} \times 200,000}{\text{Total hours worked by the Company employees}}$$

Source of data: Lost time cases are the total number of incidents that cause an injury that results in the employee missing work as a result of an injury sustained while performing work for the Company. Lost time cases are recorded in the Company's VOSHA Accident Log that is maintained by the Company's Safety Department.

Performance measure: ≤ 3.0

- b. **Lost Time Severity Rate:** The number of employee lost days experienced by the Company for a calendar year, multiplied by 200,000 and divided by the total hours worked by Company employees.

$$\frac{\text{Number of employee lost days} \times 200,000}{\text{Total hours worked by the Company employees}}$$

Source of data: Employee lost days are the total number of calendar days missed by employees as a result of an injury sustained while performing work for the Company. Employees lost days are recorded in the Company's VOSHA Accident Log that is maintained by the Company's Safety Department.

Performance measure: ≤ 46

7. **Reliability Performance Measures**

- a. **System average interruption frequency (“SAIFI”)**: This standard is defined in Public Service Board Rule 4.901 and shall be established for the system as a whole.
Performance measure: ≤ 2.7 Year One ≤ 2.5 Year Two and subsequently
- b. **Customer average interruption duration (“CAIDI”)**: This standard is defined in Public Service Board Rule 4.901 and shall be established for the system as a whole.
Performance measure: ≤ 2.6
- c. **Worst-Performing Areas**: For each calendar year, the Company shall identify the ten worst performing circuits on its system; identify the factors underlying the performance of these circuits, and institute economically feasible measures to improve the reliability of these circuits. All circuits that have been identified shall be monitored each year, over a five-year period, to determine the effectiveness of the improvement measures and to identify further measures that may be required.
- d. **Major Storms**: Calculation of all SAIFI and CAIDI indices shall be net of outages caused by major storms. A major storm is defined as a severe event that satisfies all three of the following criteria: i. Extensive mechanical damage to the utility infrastructure has occurred; ii. More than 10% of the customers in a service territory are out of service due to the storm or the storm's effects; and, iii. At least 1 % of the customers in the service territory are out of service for at least 24 hours.

Section IV. Service Guarantees

1. The Company shall offer the following service guarantees subject to Board approval of necessary tariff amendments:
- a. **Bills not rendered**: The Company shall provide a credit of \$5.00 to any retail customer whose bill is not rendered within 7 days of the customer's scheduled billing cycle. In the event of systemic errors that affect in excess of 1000 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$5,000 per incident. The \$5,000 shall be divided equally among all affected customers.
- b. **Bills found inaccurate**: The Company shall provide a \$5.00 credit if a retail customer's bill is determined to be inaccurate (see above III.2.B) as result of a customer complaint or found to be inaccurate by the company after the bill has been sent to the customer. In the event of systemic errors that affect in excess of 1000 customers in the same manner and the same incident (such as programming errors), the amount of service guarantees shall be capped at \$5,000 per incident. The

\$5,000 shall be divided equally among all affected customers. Bills that are inaccurate in the customer's favor where the Company chooses not to collect are excluded.

- c. Line Crew Appointments: In the case of where an appointment for a line crew is made to do work at a customer premise, the Company shall provide a credit of \$5.00, if the crew does not show up within a 2 hour window of the time the work was scheduled, or by the end of the agreed day if no appointment time was scheduled.
 - d. Meter work: The Company shall provide a credit of \$5.00 to any customer whose meter work order is not completed within 2 business days of the promised delivery date on the service order.
 - e. Delay days: The Company shall provide a credit of \$5.00 to any customer whose line work is not completed within 5 business days of the promised delivery date assuming the customer has met his or her requirements and is ready. This includes: line extensions; new service; disconnect/reconnects; new street/security light installations; street/security light maintenance; and temporary service connection. Any work that is compensated under paragraph c or d above shall not be eligible for this credit.
2. All credits owed to customers as a result of the Company failure to meet the service guarantees described above in paragraph 1 will automatically be credited without the customer having to notify the Company. In the event a customer who is due a credit no longer has an account with the Company at the time the Company determines a credit is due, the Company shall mail a check for the credit amount to the customer's last known address. All unclaimed funds will follow legal requirements regarding abandoned property.
 3. Service guarantees that are not met as a result of weather-related delays, defined in Section II.8.k, will not be eligible for this program.

Section V. Service Quality Compensation

1. Failure to meet the standards in performance areas III.1. a-d, III.3, III.5. a-b, and III.7.a-b shall result in the calculation of service quality compensation points.
2. Attachment A sets forth which performance measures are subject to calculation of service quality compensation points. Points are assigned for areas subject to service quality compensation based on actual performance during the 12- month reporting period. Actual performance shall be compared to the performance measure. The deviation of the actual performance compared to the performance measure is expressed as a percent deviation from the performance measure. This percent deviation shall be expressed as points by multiplying the percent (as expressed as a decimal) by 100 so that each point equals one percent deviation from the baseline. No points are assigned if the Company achieves results equal to or better than the performance measure. When the Company performs

worse than the performance measure, the applicable points are calculated for each performance measure and totaled. The total of these points is referred to as "service quality compensation points."

3. A dollar amount will be assigned to service quality compensation points as shown in Attachment B. Service quality compensation dollars are assessed on a sliding scale up to a maximum one year total of three tenths of one percent (0.3%) of the Company's annual revenues for the prior calendar year. Using estimated 2008 revenues, the estimated amount is \$189,000¹ which is equal to 300 service quality compensation points.
4. Service quality compensation points are divided into two categories. Forty percent, or 120 points, are allocated to the reliability measures (III.7.a-b). The remaining 180 points are allocated to the remaining measures for which points are assessed (III.1 .a-d, III.3, and III.5.a-b).
5. A dollar amount is assigned to each service quality compensation point within a range in its category such that increasing service quality compensation points within the category result in higher service quality compensation dollars per point. The service quality compensation dollars are calculated incrementally, that is, the service quality compensation dollars are calculated first at the bottom tier for the applicable service quality compensation points (e.g., the first 25 reliability points are worth nothing per point; the first 25 points in all other categories are worth \$158 per point). The next range of points is multiplied by the next highest dollar amount (e.g., if there are a total of 80 points, 40 in reliability and 40 in other categories, they would be calculated as follows: reliability points, the first 25 are worth nothing per point and the next 15 are worth \$473 per point; all other categories, the first 25 points are worth \$158 per point and the next 15 are worth \$315 per point for total service quality compensation of \$15,770).
6. Service quality compensation dollars shall be paid to active customers by a one- time credit. The Company shall propose at the time of its quarterly filing in the month following the anniversary date of the Plan to which customers service quality compensation points shall be paid. As far as practicable without incurring substantial administrative costs, service quality compensation dollars shall be returned to those active customers who were affected by the service deterioration. The Company shall also propose at the time of its filing in which service quality compensation is calculated the manner of communication to its customers concerning its service performance for the prior 12 month period.
7. The service quality compensation dollars due to customers shall be offset by any monies paid to customers through the service guarantees in Section IV.

¹ This estimate is based on year-to-date actual revenue through November, 2008, plus budgeted revenue for December, 2008. The actual annual amount for 2008 may be slightly higher or lower based on December actuals as well as the amount of uncollectible revenue incurred.

8. The VDPS shall file any objection to the service quality compensation calculation, proposed credit methodology and customer communication within 30 days after the Company files its proposal. If the Department files no objection within 30 days and the Board does not take action to examine the Company's filing within 15 days after the filing deadline for an objection by the DPS, the filing will be deemed accepted and approved. If VDPS files a timely written objection, the Board will proceed to resolve the dispute.
9. If in any given year, the Company meets all baselines, and produces results 10 percent better than each of performance measures III.1. a-d, III.3, and III.5. a-b requires, the Company may carry over a balance of -25 service quality compensation points that may be deducted from any points earned in the following year.
10. Dollars due to customers for service quality compensation and service guarantees shall be funded in the following manner (using 2008 revenues as an example): (1) the first \$63,000 to be paid will come from the budget item established to fund VEC's Management Incentive Plan; (2) the second \$63,000 will come from managers' salaries or other compensation; and (3) the balance (\$63,000) will come from the budget item established for training and travel.